

Service Date: March 31, 1999

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER of the Application of)	UTILITY DIVISION
MONTANA POWER COMPANY for Approval)	
of its Electric Utility Restructuring Transition Plan)	DOCKET NO. D97.7.90
Filed Pursuant to Senate Bill 390.)	ORDER NO. 5986h

EXTENSION OF ACCOUNTING ORDERS

1. The Montana Public Service Commission (Commission) issued Order No 5986d on June 18, 1998. That Order approved two accounting orders for (1) generation related regulatory costs and (2) qualifying facility costs. The accounting orders defined the interim sales period as July 1, 1998, until April 1, 1999. The orders stated that MPC could apply to the Commission to revisit the on-going need for the orders after April 1, 1999.

2. On March 10, 1999, MPC filed a request to extend the date of the CTC-QF and CTC-RA accounting orders to December 31, 1999. MPC noted that the Company is in the process of selling its generation assets and purchased power contracts. During the processing of the sale, MPC continues to incur the actual costs associated with its regulatory assets and QF contracts. Customers who continue to receive bundled service pay these costs in current rates, but customers who opt for choice, absent these accounting orders, would not pay for these costs. Until such time that the generation sale is completed, an extension of these accounting orders is necessary in order to allow MPC to continue to recover the level of its QF and RA costs in current rates, and to provide for equitable treatment between customers with and without customer choice.

3. On March 25, 1999, MPC filed a Joint Agreement regarding the extension of accounting orders for generation costs among The Montana Power Company, Montana Consumer Counsel and the Large Customer Group. The Joint Agreement contained five provisions:

1. The existing Qualifying Facility and generation-related Regulatory Asset accounting orders shall be extended to September 30, 1999.
2. MPC reserves the right to request a further extension of these accounting orders, as necessary.

3. MPC agrees to file its Tier II filing by July 1, 1999, at the latest.
4. The parties agree, working with the Commission staff, to promptly commence discussions to establish an acceptable procedural schedule for processing the Tier II filing. The procedural schedule will include steps to address any further need for these accounting orders.
5. MPC agrees to provide to those interested choice customers, who are prospectively liable for Qualifying Facility and generation-related Regulatory Asset costs under the accounting orders, the necessary information regarding such costs and their proposed disposition as soon as possible, but no later than July 1, 1999.

CONCLUSIONS OF LAW

1. The Commission exercises authority over public utilities and the electric utility industry restructuring pursuant to its authority under Title 69, particularly Chapters 3 and 8, MCA. MPC is a public utility subject to the Commission's jurisdiction and authority.

ORDER

WHEREFORE, THE COMMISSION ORDERS THE FOLLOWING:

1. The accounting orders approved in Order No. 5986d are hereby extended to September 30, 1999. Except for this extension, all findings, conclusions of law and ordering paragraphs in the accounting orders are carried forward to this order, and continue to be in force and fully effective. MPC may apply to the Commission for an extension of these accounting orders.

DONE AND DATED this 30th day of March, 1999, by a vote of 5 - 0 .

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DAVE FISHER, Chairman

NANCY MCCAFFREE, Vice Chair

BOB ANDERSON, Commissioner

GARY FELAND, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.